

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5856-01  
Bill No.: HB 1879  
Subject: Energy; Elementary and Secondary Education Department  
Type: Original  
Date: March 20, 2012

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Bill Summary: This proposal requires elementary schools and high schools to conduct energy audits and report the results of the audits to the Office of Administration.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$449,592)	(\$489,327)	(\$491,731)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$449,592)</b>	<b>(\$489,327)</b>	<b>(\$491,731)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Energy Audit Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Offsetting Transfers In and Disbursements

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of State Treasurer** state this proposal will have no fiscal impact on their agency.

Officials from the **Department of Natural Resources (DNR)** state that no duties or responsibilities are assigned to the DNR Division of Energy (DE) as a result of this proposed legislation. The DE may be requested to assist in the project by the Office of Administration, Department of Elementary and Secondary Education or local school districts impacted by the proposal since the agency manages the Schools and Local Government energy loan program. DNR would not anticipate a direct fiscal impact to the DE.

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumptions regarding this proposed legislation:

Per the 2010-2011 Missouri School Directory, the number of school buildings is tabulated below:

High Schools	608
Jr. High Schools	57
Middle Schools	285
Elementary Schools	<u>1,241</u>
	2,191

This proposal would require 20% of elementary schools and high schools in the state to have a professional energy audit each year with OA to determine which schools are to perform the audits for a particular year. The state is to reimburse each school up to \$600 for the audit.

For purposes of calculating a fiscal impact, DESE is including the junior high schools and middle schools in the total number of buildings. If it is determined that the junior high schools and middle schools should not be considered in the total number of buildings, then the overall cost would be less than presented here.

2,191 buildings      x      20%      =      438.2 buildings to receive energy audits each year

438 audits      x      \$600      =      \$262,800 yearly energy audit reimbursements

The proposal further indicates that years in which schools do not have a professional audit, the school shall conduct a self-audit. DESE cannot estimate the cost of a professional energy audit;

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ASSUMPTION (continued)

nor can it estimate the cost of a self-audit. Should such audit costs exceed the \$600 provided as a reimbursement from the state, the school districts will incur additional costs.

Officials from the **Office of Administration - Division of Facilities Management, Design and Construction (FMDC)** state that additional staff will be needed to monitor the audits and to compile the data. FMDC will need two Energy FTE and one Accounting FTE.

Officials from the **Mexico School District** state that although a specific amount of fiscal impact cannot be determined at this point in time, it will cause extra work and additional costs to monitor energy output, conduct energy audits and report those results to the State Office of Administration.

Officials from the **Parkway School District** state that in any given year it is unknown whether any of their schools would be selected for an audit, however the cost can range from a simple walk through (at \$0.03 - 0.05 per square foot -- approximately \$2,300 for an elementary or \$8,700 for a high school) to a more thorough investment grade audit at \$0.10 - 0.20 per square foot -- approximately \$12,000 for an elementary or \$45,000 for a high school.

Parkway has 18 elementary schools and 4 comprehensive high schools.

**Oversight** assumes the cost of energy audits will exceed the \$600 per school reimbursement provided for in this proposal.

**This proposed legislation was sent to the following school districts, none of which responded to a request for fiscal impact: Blue Springs, Branson, Columbia, Fair Grove, Francis Howell, Independence, Jefferson City, Kirksville, Lee's Summit, Nixa, Raytown, Sedalia, Sikeston, Silex, Special School District of St Louis County, Spickard, Springfield, St Charles, St Joseph, St Louis City, Sullivan, Center, Harrisonville, North Kansas City, Raytown-Peculiar, Charleston, Calhoun, Caruthersville, Kansas City, Gilliam, Hayti, Jennings, Morgan County, Normandy, Riverview Gardens, Malta Bend, Swedeberg**

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Cost - Office of Administration</u>			
Personal Services (3 FTE)	(\$117,230)	(\$142,083)	(\$143,504)
Fringe Benefits	(\$62,062)	(\$75,219)	(\$75,971)
Equipment and Expense	<u>(\$7,500)</u>	<u>(\$9,225)</u>	<u>(\$9,456)</u>
Total OA-FMDC Cost	(\$186,792)	(\$226,527)	(\$228,931)
<u>Cost - Energy Audit Reimbursements</u>	<u>(\$262,800)</u>	<u>(\$262,800)</u>	<u>(\$262,800)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(\$449,592)</b>	<b>(\$489,327)</b>	<b>(\$491,731)</b>
ESTIMATED NET EFFECT ON GENERAL REVENUE FTE	3 FTE	3 FTE	3 FTE
<b>ENERGY AUDIT FUND</b>			
<u>Transfer In - General Revenue</u>	\$262,800	\$262,800	\$262,800
<u>Disbursements - Schools - Energy audit expenses</u>	<u>(\$262,800)</u>	<u>(\$262,800)</u>	<u>(\$262,800)</u>
<b>ESTIMATED NET EFFECT ON ENERGY AUDIT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Reimbursements - Schools - Energy audit expenses</u>	\$262,800	\$262,800	\$262,800
<u>Cost - Schools - Energy audits</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

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### FISCAL IMPACT - Small Business

This proposed legislation could have a positive fiscal impact on small businesses performing energy audits.

### FISCAL DESCRIPTION

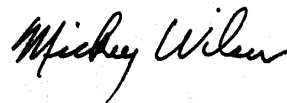
This proposed legislation requires all elementary and high schools to conduct an energy audit and report the results to the Office of Administration. Each year 20% of the schools as determined by the Office of Administration must have a professional audit performed. Schools will be reimbursed up to \$600 for an audit from the newly created Energy Audit Fund which will consist of moneys appropriated by the General Assembly.

Years in which a school is not required to have a professional audit, it must conduct a self audit using programs offered by Energy Star via its Internet website.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Natural Resources  
Office of Administration  
Office of State Treasurer  
School Districts  
Mexico  
Parkway



Mickey Wilson, CPA  
Director  
March 20, 2012